

TASK FORCE ON INNOVATIVE APPROACHES TO ENVIRONMENTAL PROTECTION

Draft Recommendations for Public Comment

For the past four years, EPA has been engaged in an unprecedented effort to bring innovative approaches to environmental protection system as part of the Administration's commitment to reinventing government. What began as a small set of high priority projects in 1995 evolved into a broader-based effort that has profoundly affected how we do business. Major changes within the Agency include stronger partnerships, especially with States, that allow us to leverage resources and address problems in a more cooperative, comprehensive manner; greater public access to environmental information; more attention to compliance assistance to help businesses and communities meet their environmental responsibilities; more flexible, tailored approaches to solving environmental problems; and a substantial reduction in regulatory paperwork.

As we begin our fifth year of reinventing environmental protection, Administrator Browner has set up a special task force of senior managers and staff to take stock of where we are in our reinvention efforts. This task force, working with the National Partnership for Reinventing Government, is developing recommendations based on feedback from EPA staff and the States, as well as other external organizations that interact with EPA as we implement environmental programs. In early 1999, the Agency asked thousands of individuals how EPA might advance innovations beyond where we are today. Encouragingly, we heard a great deal of enthusiasm for what has been accomplished, and the overall direction in which we are headed. But, we also heard that EPA needs to do more to create innovations that: 1) improve compliance with environmental requirements and 2) encourage environmental stewardship more broadly in society.

The following draft document contains strategies to address both of these priorities. In Section 1, the Agency lays out actions that should enable EPA to deliver compliance assistance when and where needed, and foster more innovative compliance approaches. To improve delivery, EPA will focus on improvements in three areas. First, the Agency will bolster general compliance assistance capabilities through plain language compliance guides, compliance assistance centers and hotline, and other tools with broad applicability and appeal. Second, recognizing that many other organizations have frequent opportunity to interact with regulated entities, EPA will work with others to use their dissemination capabilities. Third, EPA will target its compliance assistance efforts to address the highest priorities. To foster innovation, EPA will develop integrated initiatives that combine compliance assistance, incentives, monitoring and enforcement in order to address problems or sector issues more strategically.

Section 2 describes three areas where EPA will act to encourage better environmental stewardship. First, the Agency will create a recognition program for proven environmental performers -- the businesses, agencies, and organizations that sustain compliance, publicly report on their environmental performance, and go beyond environmental requirements. Second, to help develop tomorrow's top environmental performers, EPA will support testing, use and evaluation

of environmental management systems, which can help managers integrate environmental, economic, and operational responsibilities more fully. And based on the demonstrated benefits of voluntary initiatives such as Energy Star and other environmental partnership programs, EPA will take a more aggressive and coordinated approach to launching and expanding voluntary efforts with potential for addressing unsolved environmental problems.

While the report focuses on two key strategies, it also includes additional sections that summarize current actions and new commitments on other issues that were frequently mentioned as needing attention. These sections focus on how the Agency will support environmental action by citizens, small businesses, and local governments, and how we will address special management challenges, such as building support for reinvention through the Agency's organization and culture.

COMPLIANCE ASSISTANCE STRATEGY

Introduction

In recent years, EPA, in partnership with States and other stakeholders, has substantially increased its efforts to develop and deliver compliance assistance. EPA provides compliance assistance information and tools to ensure that the regulated community understands its regulatory obligations. An effective compliance assistance program helps to protect public health and the environment by making it easier for businesses and other regulated entities to comply with applicable regulations. This strategy addresses comments and suggestions made by stakeholders regarding ways that EPA can strengthen its compliance assistance program.

I. Deliver Compliance Assistance When and Where it's Needed

EPA should adopt a holistic Agency-wide strategy for compliance assistance that encompasses the full range of the regulatory program, from rulemaking through compliance and enforcement. Internal and external stakeholders should fully understand each party's commitments and responsibilities under this strategy. An Agency-wide commitment and system for accountability is essential to implement this strategy.

This compliance assistance strategy consists of three tiers:

- S** Tier 1 -- A program of general compliance assistance;
- S** Tier 2 -- A delivery mechanism that supports other government and private assistance providers that work with the regulated community directly; and
- S** Tier 3 -- Targeted compliance assistance as part of integrated strategies that address serious environmental and compliance problems.

The first tier, or general compliance assistance program, would have the potential to reach the most entities directly. The second tier is designed to reach large numbers of entities indirectly by relying on other assistance providers. The third tier would focus resources on a limited number of priorities. (See diagram attached.).

Measuring the effectiveness of compliance assistance remains an Agency priority. A number of efforts to measure compliance assistance and to assess the results of current projects are underway and will be expanded. Three years ago, EPA began an effort to measure compliance assistance through outputs reported by the Regions. In addition, the Agency is currently piloting in four regions a PC-based compliance assistance tracking mechanism. EPA plans to implement the tracking system nationwide in FY2000. EPA also has been following up on compliance assistance with surveys to determine whether the assistance was implemented.

Tier 1 - General Compliance Assistance

EPA must maintain a program of general compliance assistance that is made widely available through the Internet, toll-free telephone, and distribution of materials and tools. This program will be managed at the national level with implementation by both Regions and Headquarters, to assure that roles and responsibilities for delivering assistance are clearly assigned. The core program should focus on the development of compliance assistance information and tools, to assist the regulated community's awareness, understanding, and ability to comply with Federal rules and regulations. Key components of this program include:

- ▶ Plain language guides, particularly for new regulations, including SBREFA guides
- ▶ Compliance Assistance Centers
- ▶ Agency Hotlines
- ▶ Self-audit checklists and protocols
- ▶ Program guidance
- ▶ Computer-based tools, such as expert systems

A major objective of the core assistance program is to provide information and tools in anticipation of the effective date of new regulations, to facilitate timely compliance by the regulated community. For every major new regulation, EPA commits to the following:

1) EPA will develop a compliance assistance approach that includes a compliance guide and a self-audit checklist. Pollution prevention suggestions for compliance with the regulation should be included if available and appropriate to the particular regulation. These materials must be developed with input from front-line compliance personnel in government and the regulated community and other stakeholders as appropriate. Where feasible, compliance assistance tools should be field tested by regulated entities as part of development. The Administrator should require, as a prerequisite to a regulation proceeding to workgroup closure, that a compliance guide and checklist be included in the regulatory package and issued with the publication of every major new regulation. EPA should also commit to the development of prototype computer-based expert systems, which guide facility operators through new regulations and provide answers on applicability, deadlines, and what must be done to comply. EPA should develop these expert systems in conjunction with one or two major new regulations each year, with a long-term goal of leveraging private sector development of these tools.

2) To ensure that these tools reach their intended audience, EPA should develop a set of options for the delivery of compliance assistance and solicit input from the regulated community, especially small businesses, on the most effective means of delivery. EPA's Compliance Assistance Centers should be used as a major delivery mechanism for the sectors served by the Centers.

3) EPA should develop a standard means of assessing customer satisfaction of each tool, in an effort to evaluate its effectiveness.

In order to deliver these compliance assistance tools as part of rulemaking, EPA must build development of the tools into the regulatory development process and program office budget for regulations.

To ensure accountability for the completion of compliance assistance tools, EPA will track their development through the existing regulatory development management systems, and program offices will be expected to report through that mechanism. OECA, in consultation with program offices, will develop an annual plan and report periodically to the Deputy Administrator on progress in implementing the plan. The plan will include commitments from each program office and OECA. The plan will include an identification of the regulations where expert systems are most needed, and will consider whether EPA should develop the expert systems itself or try to leverage private sector development. The annual plan should also examine some existing regulations to determine whether compliance problems could be addressed through clarifying guidance in plain language.

Through the planning process, EPA will select 2-3 draft regulations to test prior to promulgation, during the time taken by the regular rulemaking process. This will be done through simulated trial application of a draft rule with one or more regulated entities, with opportunity for public involvement. Based on this experience, EPA will decide whether to use this process more broadly. Already, EPA is working with companies to conduct a trial application of the draft revisions of the Clean Air Act operating permits rule, to see how the draft rule would have treated changes at their facilities that occurred during the past year. By working through the practical aspects of implementation ahead of time, the final rule may be clearer and easier to implement, and may save both industry and EPA resources in getting companies into compliance.

These commitments will be implemented through EPA's performance management system. The performance standards of regulation writers will incorporate timely completion of compliance assistance tools, and the performance standards of compliance and enforcement staff will include participation in development of these tools.

It is critical to ensure the viability, maintenance, and enhancement of the Compliance Assistance Centers. The Centers are a key component of the Agency's delivery of compliance assistance and development of tools. The Centers have been well received by the regulated community and others as a valuable and unique source of multi-media, sector-based compliance and environmental assistance. EPA will continue to evaluate the need for additional centers.

KEY ACTIONS

1) Develop compliance assistance tools as part of the rulemaking package for every major new regulation. Develop an annual plan that identifies the new regulations that will include compliance

assistance tools, the prototype computer-based expert systems that will be developed, 2-3 regulations for simulated trial application, and existing regulations that need clarifying guidance.

2) Develop model performance standards to be included in performance agreements of regulation writers and compliance personnel to ensure accountability for completion of compliance assistance materials.

3) Maintain, enhance, and evaluate possible expansion of the Compliance Assistance Centers.

Tier 2 -Partnership with State/Local/Tribal/Private Assistance Providers

Many entities, especially small and mid-sized businesses, are wary of seeking assistance from regulated agencies. Therefore, EPA should develop a delivery mechanism that assures that its compliance assistance information and tools reach other assistance providers that have more direct contact with businesses and individuals. By working with these providers, EPA can create an effective environmental assistance network and reach large numbers of entities indirectly. EPA's role should be primarily to enable these other providers to work more effectively, and to provide on-site assistance itself only in limited circumstances, such as those under Tier 3.

EPA commits to enable other government and private assistance providers by:

- ▶ Distributing EPA compliance assistance and pollution prevention information and tools developed in conjunction with new regulations;
- ▶ Developing a clearinghouse of compliance assistance materials and tools available from federal, state, tribal, and local governments, as well as from trade associations;
- ▶ [Financial assistance, e.g., grants to Small Business Assistance Programs and pollution prevention programs];
- ▶ Training and peer mentoring programs, particularly where small businesses or communities can be matched with larger, more sophisticated entities (e.g., drinking water systems);
- ▶ Ensuring that assistance materials discuss pollution prevention options for compliance or for eliminating the use of a chemical to avoid the application of a regulation, as appropriate; and
- ▶ Promoting the use of Environmental Compliance Promotion Projects under OECA's Supplemental Environmental Projects Policy as a means of encouraging industry-funded compliance assistance efforts.

EPA should disseminate and market each new compliance assistance tool to a wide variety of organizations that are likely to have contact with regulated entities. These may include:

- State, local, and tribal governments

- Small Business Assistance Programs
- Small Business Development Centers
- Manufacturing Extension Partnerships
- Pollution prevention programs
- Universities
- Licensing agencies and issuers of building permits
- Trade associations
- Professional associations

EPA will work to develop a national network among current federally-funded business and environmental assistance programs dedicated to improving both business and environmental performance providing environmental information in a business context. As a first step, EPA will convene a meeting of the major federally-funded business and environmental assistance programs to identify general principles for national collaboration. These programs would include the SBA's Small Business Development Centers, the NIST Manufacturing Technology Centers under its MEP program, state-based pollution prevention assistance centers, EPA's compliance assistance centers and other business assistance programs. A possible second step would be to conduct a competitive grants program, sponsored jointly by EPA, SBA, NIST, and perhaps a state organization, to promote such collaboration in pilot states. Funding could come from existing grant programs sponsored by these organizations.

For programs that the Agency is not able to delegate, such as the core Toxic Substances Control Act (TSCA), and for programs for which a state or tribe has not accepted delegation, EPA must continue to provide more direct compliance assistance. For example, the regulated community, especially small businesses, would benefit from easy and free access, possibly through EPA's website, to an up-to-date version of the TSCA inventory of chemicals manufactured, imported, or processed in the United States.

EPA should host an annual national Compliance Assistance Forum of federal, state, local, tribal, and private representatives to share information with participants on recently promulgated federal regulations and recently developed compliance assistance materials. The forum would be an opportunity for stakeholders to assist EPA in setting priorities for the development of future compliance assistance materials. The annual forum can build on the dialogue that occurred in a similar workshop held by OECA in 1997. The forum could also facilitate exchange of tools and methods developed and lessons learned by these other organizations. The results of the forum would feed into the development of the annual plan for delivery of compliance assistance.

EPA should consider the development of an environmental curriculum to prepare students in business schools and trade schools to understand the importance, costs, time, and impact of environmental regulations. For example, EPA has worked cooperatively with the Coordinating Committee for Automotive Repair to develop environmental curriculum modules for both shop owners and technicians. Such a curriculum holds the promise of raising environmental awareness among future corporate leaders, as well as integrating environmental protection techniques into

the set of skills required for certain occupations.

The development of compliance assistance tools at a national level in Tier 1, coupled with active dissemination and marketing of them to these other organizations in Tier 2, will avoid duplication of effort and increase consistency in implementation of regulatory requirements. Moreover, it will enable EPA to take advantage of the direct contact that assistance providers at the state and local level have with regulated entities, and it will allow these organizations to benefit from EPA's expertise with respect to federal regulations.

KEY ACTIONS

- 1) Begin wider dissemination of compliance assistance and pollution prevention information and tools to State, local, tribal, and private assistance providers.
- 2) Develop a clearinghouse of compliance assistance materials and tools.
- 3) Begin developing a national network of federally-funded business and environmental assistance programs by convening a national meeting in 1999 to identify general principles for collaboration.
- 4) Convene a national Compliance Assistance Forum to share information with participants on recently developed compliance assistance materials, get stakeholder input in setting priorities for development of compliance assistance materials, and facilitate exchange of tools.

Tier 3 - Targeted Assistance to Address Serious Environmental and Compliance Problems

The third tier of the strategy would target compliance assistance to address top priority environmental and compliance problems identified through EPA's annual planning. This targeted assistance would generally be developed as part of an integrated compliance assurance strategy, as described in section II. EPA would develop compliance assistance materials and tools that are tailored to the particular area being addressed. EPA may, in these circumstances, deliver on-site assistance as a component of such a targeted strategy.

II. Encourage Innovative Compliance Programs: Combined Strategies Using Compliance Assistance, Incentives, Monitoring, and Enforcement

During the last several years, EPA has experimented with a number of innovative approaches to encourage environmental compliance. These efforts have included combined strategies using compliance assistance, incentives, monitoring, and enforcement. These combined strategies bring EPA's full array of compliance and enforcement tools to bear upon the most important compliance and environmental problems. Some leading examples of these approaches

include:

- ▶ Region V mini-mill project: Region provided steel mini-mills with a 6-month period to self-audit, disclose, and correct violations in accordance with the Audit Policy or Small Business Policy; offered outreach and technical assistance; and followed up with inspections, and enforcement as appropriate, of facilities that did not audit and disclose.
- ▶ Chemical Sector Compliance Incentive Project: A national strategy that offered organic chemical manufacturers compliance assistance; an opportunity to audit, disclose, and correct violations; made audit protocols available; and includes compliance monitoring and appropriate enforcement for nonparticipants.
- ▶ Improved communications: Using enforcement alerts to apprise the regulated community of compliance problems addressed through major enforcement actions, thus encouraging more self-policing.
- ▶ Corporate-wide auditing: Using the Audit Policy to encourage corporate-wide audits and disclosures. For example, GTE Corporation disclosed and resolved 600 violations of EPCRA and the Spill Prevention Control and Countermeasure requirements of the Clean Water Act at 314 facilities in 21 states.

Feedback from focus groups endorses such approaches. EPA experience has shown that these techniques and other similar ones have been effective in addressing environmental and compliance problems. EPA's enforcement and compliance assurance program plans to expand their use in a number of ways.

First, EPA should identify, as part of its planning process, additional opportunities for combined strategies that integrate compliance assistance, incentives, monitoring, and enforcement. These integrated initiatives would address environmental priorities associated with major regulations or compliance problems, or sectors that may be significantly contributing to them.

These integrated initiatives are tailored to the particular compliance issue and/or sector involved and include, as appropriate, a mix of some of the following:

- Targeted pro-active compliance assistance;
- Compliance incentives, such as a window of opportunity to audit, disclose, and correct past or ongoing violations, and receive penalty waivers or reductions in accordance with EPA's audit and small business policies;
- Compliance monitoring; and
- Targeted enforcement actions.

The sequencing and use of these elements may vary depending on the circumstances surrounding the particular priority. With respect to a recently promulgated regulation or a problem involving small businesses, EPA would likely conduct compliance assistance first, followed by an opportunity to audit, disclose, and correct violations, and then monitor compliance and take enforcement actions as appropriate. If the priority involves an existing regulation or larger businesses, it may be more effective to undertake a combined targeted enforcement and self-audit approach.

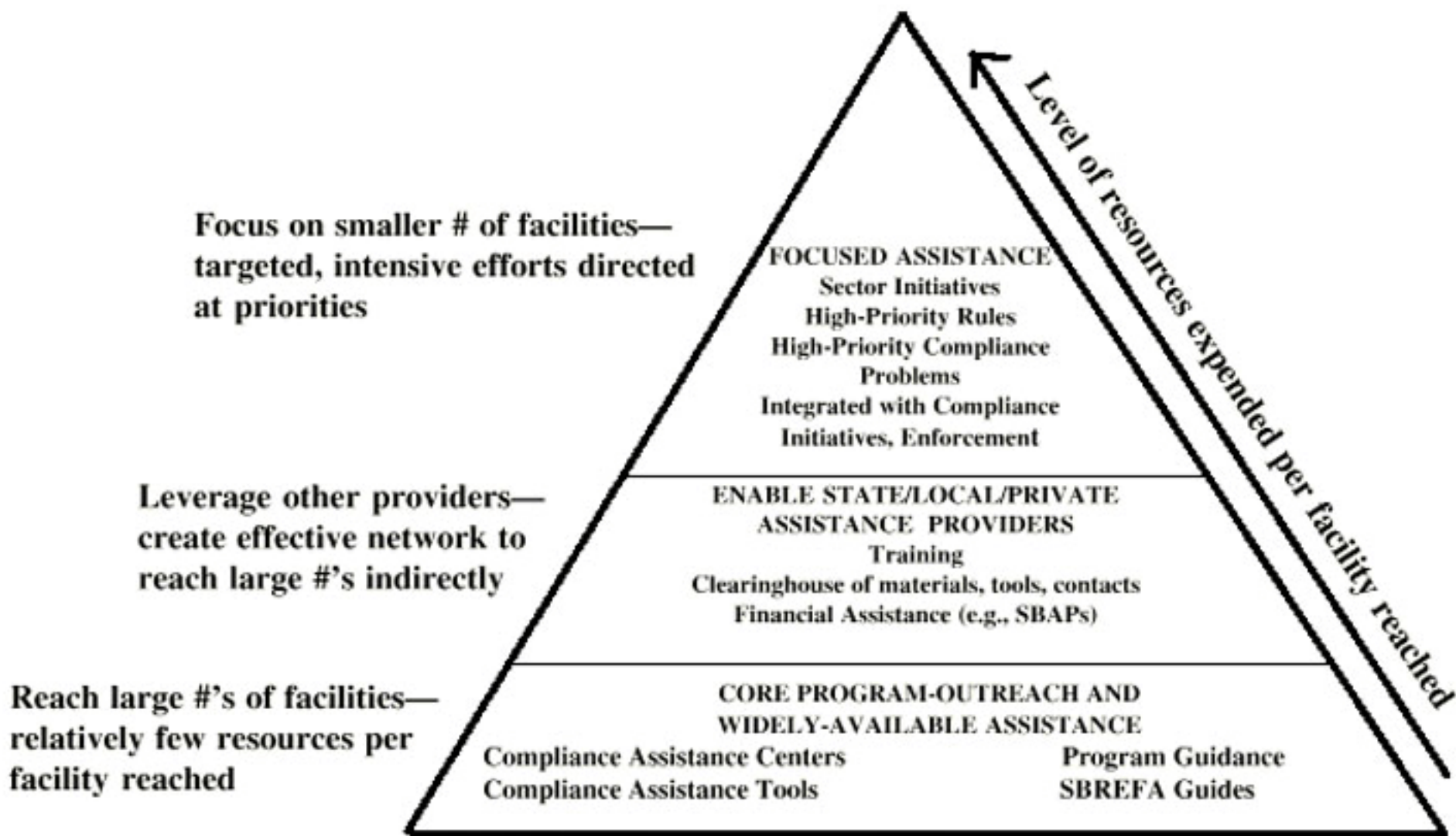
In addition to integrated initiatives, EPA will enhance other innovative approaches to compliance, including modifying the Audit Policy and Small Business Policy to stimulate more auditing, disclosure, and correction of violations. In response to comments received during OECA's East-West conferences, EPA will also, in certain circumstances, issue letters to regulated entities where, as a result of an inspection, EPA has not found significant violations of the regulatory program that was the subject of the inspection. In this way, EPA can acknowledge and foster good compliance by regulated entities while building greater accountability for inspections performed by EPA.

KEY ACTIONS

- 1) Identify, as part of planning process, priorities for using combined strategies that integrate compliance assistance, incentives, monitoring, and enforcement.
- 2) Revise the Audit and Small Business Policies to stimulate more auditing, disclosure, and correction of violations.

GOAL

Unified Agency-Wide Strategy on Compliance Assistance



FOSTERING ENVIRONMENTAL STEWARDSHIP

OVERVIEW

As EPA considers opportunities for achieving better environmental and public health protection results in the future, we see great potential in fostering environmental stewardship more broadly within our society. Indeed, we recognize that not all advances will come through regulation.

What is environmental stewardship? For a business, community, or individual, it means taking responsibility to lessen the impact of our actions on the natural environment in which we live. Citizens can show stewardship through routine consumer and lifestyle decisions. Communities and businesses have opportunities in the way they manage their operations. The results from the choices that are made can be profound. For example, public and private sector partners in EPA's voluntary programs, such as Energy Star, Green Lights, and WasteWise, saved more than \$1.6 billion in 1997 while cutting 7.6 million tons of solid waste, saving nearly 6 million gallons of clean water, and conserving enough energy to light 56 million households for a year.

EPA sees three important gains from fostering environmental stewardship. The first benefit is to help more businesses and communities move beyond compliance (e.g., reducing emissions of pollutants below that allowed by permits). By encouraging businesses and communities to look at their operations more fully, we expect they will find opportunities for environmental improvements that will also provide cost savings. Over time, this should lead environmental managers to regard environmental compliance as a starting point rather than the endpoint.

Second, environmental stewardship can help to solve some of today's unaddressed environmental challenges, such as global warming and the environmental consequences of urban sprawl. These challenges call for more integrated, holistic approaches grounded in an ethic of environmental stewardship.

Third, environmental stewardship can help bring about better and new ways of doing business, such as pollution prevention and sustainable development. Environmental management today is being shaped by strong factors -- rapidly evolving technological and scientific development, a more environmentally literate and sophisticated public, and innovative policy tools, such as market-based trading. With proper incentives and a strong system of accountability, environmental stewardship could become just as important for delivering environmental results in the future as regulations have been in the past.

Many EPA reinvention activities, such as the Environmental Leadership Program and the Green Chemistry Challenge Program, were designed specifically to foster environmental stewardship. Taking what we have learned from these initiatives, EPA is committing to a strategy that we believe can greatly enhance and expand stewardship efforts. The strategy consists of three strategic elements:

- 1) **Recognition for Good Environmental Performance.** EPA will recognize regulated facilities that demonstrate good compliance, that publicly report on their environmental performance, and that commit to additional voluntary actions through an EPA partnership program.
- 2) **Strategic Use of Environmental Management Systems.** To help regulated facilities become tomorrow's top performers, EPA will support testing, use and evaluation of environmental management systems that can help companies manage their environmental responsibilities in a more thorough way. EPA will also help provide information on best practices and other tools to assist to those putting EMSs in place.
- 3) **Expand Voluntary Partnerships.** Based on demonstrated environmental and economic benefits, EPA will seek opportunities to expand voluntary partnerships to address unresolved problems and/or unique challenges facing specific industry sectors.

I. Recognition for Good Environmental Performance

EPA recognizes that many companies have set goals and taken actions to move beyond compliance to superior environmental performance and stewardship. Recognition for successful efforts, within their own communities and with their customers, offers benefits to these companies. Providing recognition also benefits EPA by enabling the Agency to give a clear, early signal about the future direction of environmental policy and decision-making.

EPA should create a national recognition program that provides a simple, straightforward framework for recognizing environmental performers. Prospective participants will sign up for the program and demonstrate that they meet a well-defined and verifiable set of criteria. As our understanding of performance criteria for defining environmental leadership evolves, and our understanding of the role EPA can and should take to assist companies to achieve continuous improvement matures, we can refine and expand to a more comprehensive recognition program.

Criteria for participation will be designed to be objective, straightforward to demonstrate, and verifiable. For example, each applicant could be required to:

- Make information about environmental performance available to the public, including compliance information (e.g., Annual Reports, real-time access to such information, or public reporting);
- Participate in one or more of EPA's voluntary programs, e.g. "Green Lights," "Energy Star" etc., or submit to EPA a certification from an independent third party that the applicant is undertaking "beyond compliance" activity that is consistent with EPA's strategic objectives.
- Pass an environmental compliance screen. For example, the applicant has not been the

subject of a criminal enforcement action; does not currently present an imminent & substantial endangerment to human health or the environment; and has not had more than two incidences of significant non-compliance within the last 3 years. EPA would coordinate with states on the compliance screen.

- Within a specified time period from the application date, conduct an audit, disclose, and correct any existing violations. The disclosures must be “self-certified.”

The recognition program should be designed in consultation with stakeholders. Other potential criteria on which EPA should solicit feedback include:

- Use an environmental management system;
- Have a community involvement program;
- Participate in a mentoring program.

Key Actions

1. EPA will develop a specific program proposal for recognizing good environmental performance and will consult with industry and other stakeholders on program design within the next 6 months.
2. EPA will work with states to define the state role in the program.
3. Additionally, EPA will work with stakeholders to define criteria for identifying environmental leaders, a key step in designing a more comprehensive program for recognizing and promoting top environmental performance.

II. Developing Tomorrow’s Top Performers: Strategic Use of Environmental Management Systems

Environmental management systems (EMSs) offer great potential for continuous improvement in compliance and other measures of environmental performance. Many organizations are now adopting EMSs as a management tool and EPA supports this trend. Much remains to be learned, however, about the effectiveness of different types of EMSs, and how they relate to environmental performance. As such, EPA must play a leadership role promoting and improving EMSs. This means supporting testing and evaluation efforts, and providing information and tools to companies that are committed to putting an EMS in place.

To date, EPA has taken a variety of steps to study EMSs and encourage applicability in certain circumstances. EPA should build on this experience to more comprehensively promote

widespread use of EMSs, to work with trade associations and other organizations to provide assistance, and to continue expanding evaluation efforts that will enable us to better understand the long-term implications for EPA programs.

Key Actions

1. EPA will identify national or regional priority problems that are appropriate for testing the strategic use of environmental management systems. Such problems may be defined for a specific sector or geographic area, and could include both compliance and overall performance.
2. EPA will prepare a comprehensive EMS strategy which will better link all EPA's EMS activities and will focus on the selected priority problem areas. Elements of a strategy could include training, information gathering, "best practices" manuals, mentoring, short-term and long-term measurement of environmental performance, and incentives that encourage the use of EMS and excellent environmental performance. The strategy would also need to assess the most effective way to verify the results produced by EMSs.
3. Within 2 years, EPA will prepare an evaluation of the use and effectiveness of EMS in improving performance and achieving results.

III.. Expand Voluntary Partnership Approaches

EPA has demonstrated that voluntary programs successfully mobilize industry, companies, communities, and individuals to achieve results that would not be gained through traditional regulatory programs. Voluntary approaches bring public recognition, technical assistance, and sound economics to bear directly on emerging environmental issues. The results are greater efficiency and conservation of resources that often lower costs and increase environmental performance for our active partners. Many partners have reported significant improvements in areas such as energy efficiency or reducing solid waste and simultaneously realizing the economic benefits of good environmental stewardship.

Voluntary partnership programs can also spawn creativity and engage participants in working on a particular environmental problem or to focus on the challenges of a particular industrial sector (e.g. voluntary environmental goals established for the metal finishing sector). EPA should now consider ways to manage these programs most effectively, and make it easier for potential partners to participate. In addition to improving services and coordination of existing programs, EPA should continue to look for new opportunities to use the voluntary partnership approach.

Key Actions

1. Clearly describe the role of voluntary programs in EPA's mission and, where needed, improve

clarity on the specific goals of each program, as part of the update to EPA's strategic plan.

2. Conduct an assessment of EPA programs to identify potential opportunities where voluntary approaches can play a new or expanded role in achieving Agency goals.
3. Draw on experience within and outside EPA to develop guidelines to assist EPA's offices and regions when considering the use of voluntary partnership programs. Establish a process where new partnership programs confer with existing programs to ensure best practices are adopted and gaps and overlaps are addressed.
4. Consider how chemical right-to-know information can be used in partnership with industry and community stakeholders to enhance product stewardship and environmental performance. (For example, consider how we can use new test information from high production volume chemicals to encourage the use of less toxic substitutes or facility-based efforts to reduce releases of TRI chemicals or persistent, bioaccumulative toxics.)

SUPPORTING ENVIRONMENTAL ACTION BY CITIZENS AND SMALLER ENTITIES

In order to realize national goals for protecting public health and the environment, our entire society must become active in protection efforts. With its unique mandate and responsibilities, EPA can play an important role in helping different segments participate more fully and effectively. Of the many segments where we might focus attention, we see great potential in supporting action by citizens, small businesses, and local governments.

As more citizens become knowledgeable about environmental issues, they want to be more involved in environmental decision-making and they need tools that enable them to address problems in their own community. Because they are often strapped for time and resources, small businesses can find it difficult to track and understand environmental requirements. The same is true for local governments whose agencies are responsible for such diverse environmental services as wastewater treatment, drinking water supply, and solid waste management.

EPA frequently heard about these groups' special environmental management challenges during our discussions with stakeholders. The following section includes commitments that EPA will make to bolster their compliance and environmental stewardship capabilities. It also provides information about a range of existing EPA services that are available, but perhaps not widely known.

- I. Supporting Environmental Action by Citizens and Communities
- II. Helping Small Businesses Manage Environmental Responsibilities
- III. Helping Local Governments Operate Environmental Programs

SUPPORTING ENVIRONMENTAL ACTION BY CITIZENS AND COMMUNITIES

Introduction

In its early years, EPA's involvement in environmental protection was largely focused on the design of federal regulatory programs and providing federal oversight or guidance to state programs. More recently, the Agency has put a lot of emphasis and effort into enhancing community participation in the early stages of government or business decision-making that affects them. A number of recommendations received by the Innovations Task Force--from both external stakeholders as well as EPA employees--related to ways to involve communities in local and larger-scale environmental decisions. The recommendations focused on improving access to and use of environmental information and data and playing a role in improving relationships among communities, states, tribes, industries and businesses. The Task Force recognized that the Agency has a wide variety of activities already underway related to communities, but the Innovations Task Force felt that a few additional Key Actions were appropriate and timely for inclusion in this report. These actions relate to the Agency's role in understanding and interpreting environmental information, providing opportunities for communities to participate in local decision-making, and providing tools and resources for smart growth decisions. Being able to understand and use the available environmental information is one key aspect to ensuring constructive community and public participation. Involving communities in decision-making that affects them enables groups to bridge their differences, find common ground, and identify creative new solutions. Moreover, it permits the tailoring of decisions to include consideration of public values and social and economic concerns of affected communities.

Current Activities

The Agency has a number of efforts already underway to make environmental information and data available to interested parties, including community groups. In 1997, EPA formed the Center for Environmental Information and Statistics (CEIS) to increase public access to EPA's information resources so that communities, businesses and other organizations can obtain these data and learn about the quality, potential applications and limitations. Information from the CEIS is available at community, regional, State or national scales. In 1998, the Agency announced the formation of a new Information Office with the primary mission of centralizing the Agency's data collection and analysis activities as well as streamlining reporting requirements and procedures for industry. EPA will continue to work its new Information Office to make EPA, state and other organization information available on a geographic basis to support community planning and environmental initiatives.

Another important Agency initiative that has increased community involvement was the Common Sense Initiative, a program to test sector-based approaches to environmental protection

as an alternative to the traditional pollutant-by-pollutant method. CSI was designed to engage affected interests, specifically including the public, in reaching consensus on new approaches for improving environmental performance within selected industries. CSI has produced many tangible results and provides an important foundation for the Agency's efforts to constructively include communities and other stakeholders in a process that respects each member's views and identifies environmental goals that can greatly reduce industrial toxic emissions.

In January 1998, the Agency released the *EPA Stakeholder Involvement Action Plan* that grew out of the CSI program. This plan identifies and commits to specific agency actions to enhance stakeholder involvement at EPA. In this plan, stakeholder is defined broadly as all those who have a stake in EPA's decisions. Some of the specific actions identified in the plan that relate to involving communities in environmental decision-making include:

- S Establish a roster of facilitators and mediators experiences in environmental stakeholder involvement and dispute resolution processes and increase the number and flexibility of contracting mechanisms for accessing external facilitators.
- S Examine lessons learned from stakeholder involvement experience and use this information to improve EPA stakeholder involvement programs
- S Compile a directory of Internal Experts in Stakeholder involvement at EPA, and post it on the Internet and Intranet sites.
- S Establish a network of staff across the Agency working in stakeholder involvement.
- S Publicize the availability of stakeholder involvement resources within the Agency
- S Create a *Manual on Constructive Engagement* to improve the understanding of and expertise in constructive engagement.
- S Work with the Environmental Law Institute to identify needs and explore the potential establishment of regional resource centers to support stakeholder involvement processes around the country. And
- S Create a listing of technical assistance available to stakeholders as well as options on how to provide it.

The Agency's Public Participation and Accountability Subcommittee of the National Environmental Justice Advisory Council also recently released the *Model Plan for Public Participation* and efforts are underway across the Agency to promote the use of this plan.

EPA is also implementing a comprehensive strategy to address the short- and long-term environmental impacts of current urban and sub-urban development practices and to encourage more environmentally responsible development. The approach proposed in this strategy focuses on development sectors by creating coalitions at the national, regional, and local levels among a broad and diverse set of stakeholders with interests in various aspects of development. An existing partnership program, the Smart Growth Network, encourages more environmentally responsible land use, transportation investment, regional growth and development.

The Agency also has efforts underway to bring together public and private stakeholders in a specific place or community to look holistically at the quality of the air, water, land and living

resources and identify environmental and public health concerns, set priorities, and forge comprehensive solutions toward sustainable communities. This effort aims to help communities work toward achieving long-term ecosystem health and fosters linkages between economic prosperity and environmental well-being. A process has also been proposed to aide the Agency in deciding what communities are appropriate fore direct EPA or Regional-level attention and resource focusing.

Key Action Items

Given the wide array of on-going activities and the recent release of the *EPA Stakeholder Involvement Action Plan*, key actions recommended by the Innovations Task Force are focused on activities that can help communities understand and interpret environmental information and increase their participation in local decision-making—both as it relates to local industries and local land use and development.

Improve Publicity of Agency’s Current Technical Assistance Centers

Existing technical assistance centers provide valuable technical assistance services to various community groups. These centers are established or supported by many different offices across the Agency including OSWER, OPPTS, ORD and many Regional Offices. Visibility, accessibility and availability of these centers are key to the continued community involvement on issues that impact communities. The Task Force recommends:

- S** Outreach efforts by the supporting Agency office to publicize location of existing technical assistance centers and the services offered by the centers.
- S** Require technical assistance centers supported through the Agency to establish web sites to facilitate communication between them and community groups.
- S** Encourage centers to outreach to communities on available technical services.
- S** Establish web page links from EPA home pages to technical assistance center web pages.

Provide guidance to Regions to implement a “Good Neighbor” Program

The Agency should facilitate the formation of good neighbor groups in economically depressed areas with environmental justice concerns. These efforts should be voluntary activities that bring together community groups and/or citizens with industry for regular meetings to discuss pollution issues within the community. Such groups meet regularly for discussions and can culminate in the adoption of agreements, signed by all parties, that includes creative and significant efforts which the industry will undertake to address community concerns regarding pollution issues related to the particular industry’s operations in the community. The open exchange of information in these groups can educate the community about real vs. perceived environmental threats within the community, as well as serve as a catalyst for future dialogues and exchanges of information. Specific actions the Agency should undertake include:

- S** Prepare a model “good neighbor group” guidance to be distributed to all Regions. The Agency should encourage all Regions to begin these type of efforts, particularly in

communities where environmental justice issues predominate. Once appropriate community (ies) are identified, the Region should undertake an outreach effort to identify an industry willing to serve as a leader for environmental progress within the community.

Assist Communities through the SEP Policy

The Agency could undertake a number of activities to further the Supplemental Environmental Projects (SEP) Policy's commitment to promote community involvement. This recommendation will further assist communities by bringing information about a facility to the community that is potentially affected by that facility's emissions and by improving its understanding of that information, thereby improving the community's ability to participate meaningfully in environmental decisions. The policy encourages companies to actively solicit community involvement on potential SEP projects by giving companies that do so additional penalty mitigation. The Agency has also developed a brochure to explain the policy to communities in terms that they can understand. In addition, the current SEP policy allows defendants to contract with the community to provide the work to be done under the SEP. The Agency can do more, however, to promote community involvement through the SEP policy. To increase community input into SEP projects, EPA will develop a process for involving communities in the selection and development of SEP proposals. A workgroup will develop a handbook on community involvement for Regional staff, so that communities can be brought into the SEP development process at a time when they can still impact the project to ensure that it responsive to the community's needs.

Expand Agency efforts to encourage environmentally beneficial changes in development patterns and practices

Sprawl and the associated land use and development patterns are huge determinants of environmental quality. Many current development patterns will lead to: growth in vehicle miles traveled; further degradation of air quality; worsening runoff; growth in greenhouse gas emissions; growing environmental justice concerns; loss of habitat and open/green spaces; fallow brownfields; and growth in the need for environmental and other infrastructure on the fringe.

Successful implementation of the Agency's strategy to encourage more environmentally responsible development depends on a thorough understanding of the various elements of the development sector, the development process, and the interests of the stakeholders. Specific actions recommended to the Agency by the Innovations Task Force are to:

- improve public awareness of environmental, economic and social impacts of sprawl through improved information sharing of data on a geographic basis
- conduct a pilot project to develop measures and indicators of smart growth benefits
- provide technical assistance to local/regional planning efforts
- create or expand media program incentives that promote smart growth decisions.

HELPING SMALL BUSINESSES MANAGE ENVIRONMENTAL RESPONSIBILITIES

Introduction

Small businesses face special challenges in managing their environmental affairs. Often, they lack the information or capacity to either comply with environmental requirements, or make efforts at stewardship that go beyond minimum requirements. In recent years, EPA has greatly increased its efforts to enable small businesses to improve their compliance and overall environmental performance. The task force views this as an opportunity to reaffirm EPA's commitment to this important work, and identify ways to expand it.

Current Activities that Assist Small Businesses:

Compliance Assistance

- Compliance Assistance Centers, which provide compliance and pollution prevention information to selected industries through the Internet as well as toll-free telephone lines. EPA has opened nine Compliance Assistance Centers to date.
- Plain language compliance guides, self-audit checklists, and sector notebooks to help small businesses understand regulatory requirements.
- National compliance assistance efforts for priority industry sectors. EPA Regions have undertaken some assistance projects in partnership with States and industry, such as developing a mentoring program for dry cleaners.
- The Small Business Policy, which rewards responsible small businesses by providing penalty waivers or reductions if the business receives compliance assistance or conducts an environmental audit, discloses, and corrects violations.

Financial and Management Assistance

- Environmental Finance Centers, which provide expertise to small businesses in financing environmental expenditures.
- Assistance in development of environmental management systems, for example, for metal finishers.

Technical Assistance

- The Design for the Environment Program (DfE) influences small business practices so that innovative problem-solving may be applied to the human health and environmental problems facing them.

- The Pollution Prevention program has coordinated its efforts with other federal assistance providers to develop a national network of technical assistance capabilities.
- Through the Environmental Technology Verification (ETV) program, EPA works to enhance the awareness, use and continued commercialization of innovative technologies by sharing environmental performance information with small businesses.

Related Key Action Items Recommended by the Innovations Task Force:

The recommendations discussed earlier contain many that will be of particular importance to small businesses. For example:

- Plain English regulations will make it easier for small businesses to understand the regulatory requirements and how to comply with them.
- Providing compliance assistance guides and self-audit checklists when major new regulations are issued will be particularly useful for small businesses.
- EPA will work with State, local, tribal, and private assistance providers to ensure that compliance assistance information is made widely available to small businesses.
- EPA will help small business develop tools that enhance environmental performance, which might include environmental management systems.
- The use of compliance assistance centers and hotlines (previously discussed in the compliance strategy) can be particularly valuable for small businesses.

HELPING LOCAL GOVERNMENTS OPERATE ENVIRONMENTAL PROGRAMS

Introduction

Local governments have an important, multi-faceted role to play in environmental protection, as regulators of private businesses, as environmental service providers (e.g., sewage treatment and recycling), and as owners and operators of regulated facilities. However, particularly in small communities, local governments may lack the administrative, technical, or financial capacity to ensure environmental compliance or take a stewardship role. EPA has made substantial efforts to work with local governments in recent years to improve their compliance and environmental performance. The task force believes that this effort should be reaffirmed, and new steps taken to further strengthen support for local governments.

Current Activities that Assist Local Governments

EPA helps local governments in the following ways:

Compliance Assistance

- Local Government Environmental Assistance Network (LGEAN), one of EPA's Compliance Assistance Centers. LGEAN provides environmental management, planning, and regulatory information for local government elected and appointed officials, managers, and staff.
- Profile of Local Government Operations, one of EPA's Sector Notebook series. The Profile covers the environmental regulations applicable to the full spectrum of local government operations.
- Mentoring programs. EPA has helped establish mentoring relationships, for example, between large and small public drinking water systems.
- Small Communities Policy. This policy provides flexibility to small communities to work with States to address environmental problems, by providing penalty waivers or reductions for correcting violations.

Management Assistance

- Environmental Management Systems (EMS) pilot. This project is designed to demonstrate the value of an EMS to local governments as a means of managing environmental activities.

Related Key Action Items Recommended by the Innovations Task Force

EPA will continue and expand programs designed to assist local governments to achieve compliance and improve environmental conditions within their communities. Some of the task force recommendations of special potential value for local governments include:

- EPA will work with local governments (as well as other regulators) to ensure that compliance assistance information is made widely available to the businesses they regulate, helping them achieve a high degree of compliance.
- Plain English regulations will make it easier for local governments to understand the regulatory requirements and how to comply with them.
- EPA will seek to increase mentoring among local governments, as has been done in some areas with publicly owned treatment works.
- EPA expects that its increased support for development of environmental management systems will include continued work with local governments.
- The use of compliance assistance centers and hotlines (discussed in the compliance strategy) can help local governments stay on top of regulatory requirements.

ADDRESSING EPA'S REINVENTION MANAGEMENT CHALLENGES

As EPA listened to stakeholders views about what needs to be done to encourage innovations in compliance assistance and in fostering environmental stewardship, many views underscored the need for EPA to rethink how we manage the Agency's programs, staff, and resources. Three internal management issues that were most frequently mentioned were: 1) information management, 2) regulation development and permit issuance, and 3) developing a workforce that embraces innovation as a means to achieving better environmental results.

For the most part, the information management issues are being addressed as EPA works to set up a new information office. This new office, which should be established later this summer, will create stronger links between EPA's many data collection, data management, and public access functions. It will be a significant step for achieving more efficient transfer and use of information among public and private sector sources, and should help address many of the stakeholders concerns. The Agency's current actions on information management are included in this report based on its importance to so many external constituents.

Stakeholder issues about regulation development and permit issuance go right to the very heart of EPA's mission. Based on numerous suggestions, the report includes specific EPA commitments to bring a more customer-oriented approach to these basic regulatory processes. It also commits EPA to addressing a difficult management issue, but one that is inherently tied to reinvention success -- having all of the Agency's staff, the professionals who write regulations, issue permits, and carry out numerous other duties, to accept and promote the new opportunities that exist by taking a more innovative approach to our work.

I. Improving Environmental Information Management

II. Reinventing Regulation Development and Permitting

III. Building Internal Support for Innovation

IMPROVING ENVIRONMENTAL INFORMATION MANAGEMENT

Introduction

Information management is currently in the midst of a major reorganization within the Agency. The Administrator recently decided to integrate various aspects of information management, policy and technology from across EPA into a new office to ensure consistent approaches and technology. This new Information Office will be responsible for creating a unified approach to how the Agency collects, manages and disseminates information. This new Information Office will be responsible for creating a unified approach to information technology – one that using a customer service oriented approach works strategically across each of the three main components of the integrated information environment:

- Receiving and sharing information;
- Managing and using information; and
- Providing access to information.

While striving to take full advantage of electronic capabilities, the Agency also recognizes the importance of getting information to those without access to computers.

Both internal and external feedback into the Innovations Task Force emphasized the importance of high quality, accurate environmental information as a strategic resource for protecting public health and the environment. Recommendations received suggested projects to reduce reporting burden and improve public access to environmental data in formats useful to individual, community, facility, state, local or tribal planning efforts. Customers of environmental information are looking for formats which present data on a variety of geographic levels (state, regional and community) and provide links to environmental and natural resource information from a variety of sources (e.g., industries, states/tribes, EPA, other federal agencies, nonprofit organizations). Recommendations also identified the need to strengthen the relationships among those who provide environmental information and those who use it in decision making. The Agency recognizes that strong, cooperative relationships with our state partners and with other stakeholders who supply and use environmental information is a key to success for the new information office. The new information office will work to develop agency-wide information policies that deal with important issues such as data quality, security, and public access.

Current Activities

We are now faced with the challenge of maintaining momentum on EPA's ongoing information improvement efforts while also filling critical gaps and making good use of lessons learned from our many reinvention pilots. The new Office will be tasked with determining the best ways to meet this challenge, particularly in the areas described below.

- **Develop an Information Plan** - Technically known as an information architecture, this will allow us to plan our information needs and uses and technology investments on a multi-year basis. Ultimately, the Plan will identify information needs that meet our business objectives,

identify unnecessary data for burden reduction, and plan for coordinated technology investments, thus improving the public's access to and ability to use information from multiple sources.

- **Develop a Collaborative Partnership with the States and Others** - Much of the total volume of environmental data is collected or provided by the states. We must work closely with them to identify the information we both need to manage our programs well, to develop mechanisms for providing this information as efficiently as possible, and to eliminate unnecessary or redundant data. In doing so, we must also work closely with our stakeholders in industry, other federal agencies, Tribes, local governments, interest groups and the general public.
- **Maintain Momentum on the Building Blocks for Consolidated Reporting and Electronic Data Submission** - We must meet our REI commitments, particularly those related to data standards, electronic data registry and central receiving, since these comprise the necessary foundation for consolidated electronic reporting. The new office must also identify the best ways to apply lessons learned from successful reinvention pilots. Two notable examples are the CSI pilot project on consolidated air emissions reporting at the Marathon Oil Refinery, and two pilot projects testing electronic submission of monitoring data in Region 6.
- **Facilitate Sharing and Coordinating Information** - The new office should facilitate the use of open data access technology - a technical capability that allows data users to reach out over the Internet, access disparate databases, ask questions and retrieve results. This would allow environmental, natural resource, and geo-spatial information collected by others (not just EPA) to be accessible by those who need it to paint a more comprehensive "environmental picture" in a given geographic area.

REINVENTING REGULATION DEVELOPMENT AND PERMITTING

Regulations that EPA writes to implement environmental statutes are the essential starting point for better environmental protection. Regulations written in plain language help readers understand which requirements apply to them and what they must do to comply. As required by Presidential order, as of January 1, 1999, EPA is using plain language in all new regulations and in other documents such as letters, forms, and notices. Plain language means using clear, short sentences and avoiding jargon. It also means organizing material to addresses readers' concerns (e.g., using questions and answers) and conveying requirements in useful formats, such as tables, flow charts, lists, and specific examples. To emphasize our commitment to plain language, EPA is training employees in writing in plain language, and EPA will identify specific regulations that showcase our plain language efforts. In addition to writing in plain language, EPA will take other steps to improve regulations, through early involvement of stakeholders, development of performance-based regulations, and use of economic incentives.

Permits are often the vehicle through which regulatory requirements are applied to individual facilities. In the air, water, and waste programs, EPA is working to streamline permitting processes, reduce unnecessary burden, provide greater flexibility and improve public participation. These activities are described in EPA's recently adopted permit reinvention action plan. The recommendations related to permitting described in this report will supplement the activities already underway through the permit action plan..

Key Action Items

! Early involvement of stakeholders in regulation development

EPA has learned a tremendous amount in recent years about the value and benefits of early stakeholder involvement in environmental decision-making processes, and has used a variety of approaches to involve stakeholders early in the process in meaningful ways. EPA is taking steps to enhance the planning and management of its stakeholder involvement activities, and to enhance both internal and external capacity for stakeholder involvement. Feedback from stakeholders indicates that there is still a need to improve our stakeholder involvement activities, starting at the beginning of the rulemaking process.

- For all major rules, EPA will conduct careful, front-end analysis to determine what kind of stakeholder involvement is needed in each situation and to ensure that stakeholders are involved in ways that will provide the greatest value both to the Agency and stakeholders.
- For rules affecting small entities, EPA will increase the direct involvement of small entities (i.e., work not only with national associations, but also with small business owners and local government officials) and will identify and use effective means to notify affected small entities about upcoming rulemakings.

! Performance-based regulations

EPA's air and water programs have long relied primarily on performance standards that set a minimum pollution control level -- for example, a numerical limit on emissions or discharges. As a result, the vast majority of these rules do not require use of a particular pollution control technology. Instead, they give industry flexibility to decide the best way to achieve the required level of performance, considering cost and other factors. Beyond this, a variety of EPA programs and rules provide for averaging or broader forms of pollution trading, or provide for alternative compliance options.

EPA is continually looking for ways to design its regulations to be flexible and as performance-based as possible, while ensuring enforceability and accountability for performance. This promotes efficiency by allowing regulated entities to choose a method of compliance that best fits their circumstances. Performance based regulations also offer the opportunity to improve environmental management, and can provide opportunities to prevent pollution rather than treat or control contaminants after they are generated. Flexibility is important to small entities because they may not have the expertise or resources to comply in the same manner as larger entities. To the extent feasible and where appropriate, EPA will:

- identify methods of compliance that are feasible for small entities (e.g., list of alternative, less expensive, readily-available technologies)
- include incentives for better environmental performance (e.g., promoting pollution prevention, recycling, design-for-the environment, industrial ecology concepts). Incentives could include extended compliance schedules, flexible permits, or bubbles for multiple regulated units within a facility.
- promote or provide for the use of innovative technologies.

! Pollutant trading and other economic incentives in regulations

Pollutant trading and other market-based approaches are proving to be a successful in cost-effectively controlling pollution. Although trading is now used in a variety of EPA programs, the acid rain example remains the best known. For example, EPA has established a successful market for sulfur dioxide emission allowances, and trading of these allowances among electric utilities has enabled low-cost reductions in SO₂ emissions. EPA continues to look for opportunities to expand its use of trading programs and other economic incentives.

Watershed trading. In areas where water bodies do not meet water quality goals, effluent trading can offer a market-based approach for determining who will actually reduce loadings and by how much. EPA has issued a national policy that allows sources to reduce pollution beyond what is needed to meet water quality standards, and then sell or exchange the reductions to other sources within the same watershed.

- EPA is developing proposed regulations to strengthen the Total Maximum Daily Load

(TMDL) program , which includes procedures to identify impaired waters and restore the health of the waters. These new regulations will provide a solid foundation for effluent trading. A key element of the regulations will define steps that a “new” discharger to an impaired water must follow in order to “offset” any new pollution loads, which will create strong new incentives for effluent trading.

Air programs. Many national air rules include provisions for trading, averaging, or other economic incentives. In implementing the Clean Air Act Amendments of 1990, EPA also issued economic incentives guidance for use by states in designing their plans to reduce emissions of criteria air pollutants. EPA will continue to pursue opportunities for using economic incentives and will promote their use by states.

- EPA will update its Economic Incentives Program Guidance for states, to promote the use of trading programs, fees, and transportation control measures that will reduce emissions of criteria air pollutants. Revisions include improved guidance for criteria pollutant trading, and writing the guidance in plain language.
- EPA will continue to develop model state regulations and other guidance to assist states in developing specific economic incentives, such as incentives for energy conservation as part of NO_x reduction strategies.

! Streamlining permit application through certification

The review of permit applications can be time-consuming and resource-intensive for both regulators and regulated parties. EPA will test an approach aimed at reducing these burdens by certifying private sector professionals to develop draft permits under the Clean Water Act’s National Pollution Discharge Elimination System (NPDES). Such draft permits could be submitted to the permitting authority at the same time as the permit application. While the permitting authority would still determine the content of final permits, these drafts could reduce the amount of time spent processing routine permit terms, and let regulatory staff focus on the most important permitting issues. All existing procedures for public participation in the permitting process would be maintained. To pilot test this approach, EPA expects to:

- Identify several states, representing diverse parts of the country and a range of permit types and circumstances, that are interested in working with EPA on a certification pilot.
- Work with those states, stakeholders, and appropriate organizations to design the program, identify or develop certification standards, and ensure that any legal issues regarding the certification approach are addressed..
- As needed, amend existing EPA regulations (or grant a deviation from regulations) to facilitate the development of permits by certified private sector professionals in demonstration states.

- Test the approach in a three-year demonstration period, at the end of which EPA, the states, and any other interested parties would evaluate the results and make recommendations for next steps.

BUILDING INTERNAL SUPPORT FOR INNOVATION

Introduction

The complex and changing nature of today's environmental problems requires innovative solutions and an evolution in how EPA approaches environmental problem solving. This evolution is in fact occurring. During the 1990s, the challenges posed by environmental issues have prompted the agency to adopt new ways of doing business -- new regulatory and non-regulatory approaches to solving environmental problems, new ways of working with states, and new ways of working with stakeholders. The agency's recent annual reports on reinvention highlight many examples of EPA using non-traditional tools and approaches to aid its efforts to combat environmental problems, both in pilots and in national programs.

In many areas, EPA management and staff have seen firsthand that reinvention approaches can help them achieve health and environmental goals. There's nothing like this experience to foster creativity and willingness to innovate. To reinforce this experience, to increase the use of innovative approaches, and to sustain reinvention on a continual long-term basis, EPA is working to establish organizational incentives and infrastructure to ensure an agency culture that promotes creativity and innovation, and fosters learning. Consistent with that effort, EPA at this time is taking action in the following three areas: Accountability, Incentives and Knowledge/Skills.

Key Action Items

Accountability For Delivering Results

The Agency is committed to being accountable to produce results in our innovative initiatives. We will continue our work of ensuring that innovation and reinvention is a core part of our planning and personnel evaluation process throughout the Agency. In particular we will:

- ▶ Develop action plans to implement the recommendations in this report which describe specific actions, identification of lead and supporting offices, FTE and funding levels, and time frames for accomplishments.
- ▶ Design evaluation mechanisms as a central component of our reinvention programs, and use the results of those evaluations to assess how well these programs are achieving their goals and to determine proper platforms for scaling up new approaches.
- ▶ Assess information from the evaluative process and seek ways in which new approaches can replace traditional methods to more effectively meet the core program objectives.

Create Stronger Incentives within EPA to Promote and Support Innovation

Because some risk of failure is inherent to trying new methods, there is actually disincentive to trying something new. As traditional methods begin to plateau and achieve smaller increments of improvement or become less cost effective, our systems need to encourage trying new methods in

order to achieve a greater level of environmental protection. EPA will develop mechanisms to recognize and reward organizations and individuals who implement innovative projects and initiatives.

- ▶ Establish an awards system that recognizes and rewards trying new approaches. Separate categories of awards should be established for reinvention for both highly visible efforts like XL, as well as reinvention within core programs. Assign staff with the right skill balance to a project and visibly reward within their home organizations.
- ▶ For individuals essential to meeting goals of reinvention and all top level managers, include specific reinvention goals as a performance expectation. Evaluate our staff and managers on how well they have met those expectations.

Continue to Expand Staff Knowledge by Sharing New approaches and Broadening Perspective

A number of new approaches are being tried by EPA, states, industry and communities throughout the nation. There are many lessons to share that would facilitate progress in implementing new approaches on a broader scale and in generating new approaches. Expanding the knowledge and skills of EPA staff with information about innovative approaches will help create a culture more willing to try new approaches. EPA should tap into the wealth of knowledge and experience of our state partners and others to cross train staff and management. Some specific actions to expand EPA knowledge and skills are listed below.

- ▶ Train employees to utilize a more integrated problem solving approach that seeks root causes and evaluates various tools and solutions.
- ▶ Promote multimedia training opportunities across all offices; the Watershed Management Seminar offered by OW and OPM is an existing training platform that can be made widely available to all staff involved in regulation and guidance writing.